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HISTORY OF TAX RATES

Ministry of Revenue
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HISTORY OF TAX RATES
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COMMERCIAL CONCENTRATION TAX ACT

- The Commercial Concentration Tax was implemented in January, 1990.

- The purpose of the tax is to raise additional revenues from commercial property owners who receive direct economic benefits from Provincial expenditures on infrastructure (roads and other essential services) within the Greater Toronto Area (GTA). The GTA includes all municipalities within Metropolitan Toronto and the Regions of Durham, York, Halton and Peel.

- A tax of $10.75 per square metre ($1.00 per square foot) is levied on the area of commercial structures that exceeds 18,600 square metres (200,000 square feet), and on the total area of every commercial parking lot and garage where parking is available to the public for a fee (including lots and garages owned by municipalities or local boards). All commercial property less than 18,600 square metres (200,000) square feet) is exempt from this tax.

The Corporations Tax Act imposes a tax on corporations doing business and having a permanent establishment in Ontario.

1. Income Tax

   - Standard rate is 15.5% of taxable income allocated to Ontario (by means of an allocation formula).

   - General Rate:

Prior to 1967	1967 to 1978	1978 to 1979	1979 to 1983	1983 to 1985	1985 to Date
11%	12%	13%	14%	15%	15.5%

   - Preferential effective rate of 14.5% applies to profits from manufacturing and processing, farming, fishing, mining and logging (by means of a 1% tax credit). The 1992 Budget proposed to increase the tax credit from 1% to 2% effective for taxation years ending after December 31, 1992 thereby reducing the preferential rate to 13.5%.

   - Small businesses which do not qualify for the income tax exemption pay tax at a preferential small business rate of 10% by means of a 5.5% credit deducted from the 15.5% general rate. The 1992 Budget proposes to reduce the preferential rate to 9.5% by increasing the tax credit from 5.5% to 6.0% effective for taxation years ending after April 30, 1992.

   - The 1991 Budget proposes a gradual reduction of the 5.5% credit benefit for corporations having taxable income in excess of $200,000.

   - The 1992 Budget proposed to impose a 10% temporary surtax on income tax payable by banks.

2. Capital Tax

   - Rate is 3/10th of one percent (0.3%) on the taxable capital allocated to Ontario.

   - The 1988 Budget introduced significant changes in the capital tax rate structure for small business. For taxation years after April 20, 1988 the flat rate capital tax structure is as follows:

     - Companies whose total assets and gross revenue are both under $1 million are exempt.
     - $100 for companies whose total assets and gross revenue are both over $1 million and taxable capital is less than $1 million.

     - $200 for companies whose total assets and gross revenue are between $1 million and $1.5 million and taxable capital is over $1 million.

- $500 for companies who do not qualify for a lower flat rate and have taxable capital of less than $2 million.

- General rate of 3/10ths of 1% to be phased in for corporations whose taxable capital is over $2 million but less than $2.3 million.

o Prior to the 1988 Budget changes, the rate structure for small corporations was:

- $50 for taxable capital (before allocation to Ontario) not exceeding $100,000;

- $100 for taxable capital over $100,000 but not exceeding $1,000,000; and

- a notch provision resulting in reduced capital tax for taxable capital from $1,000,000 - $1,200,000.

- The general rate of 3/10th of 1% applied only on taxable capital in excess of $1,200,000.

o The general rate last increased in 1977 from 1/5th of one percent (0.2%) to 3/10th of one percent (0.3%).

o A higher rate of 4/5ths of 1% on special tax bases applies to banks, and loan and trust companies. Prior to the 1988 Budget, the rate for loan and trust companies was 3/5ths of 1%. Before 1978, loan and trust companies calculated capital tax as ordinary corporations.

o Rate for banks increased in 1979 from 3/5ths of 1% (0.6%) to 4/5ths of 1 % (0.8%).

o Rate increase to a full 1% for both banks and loan and trust corporations was proposed in the 1991 Budget

o The 1992 Budget proposes to increase the capital tax rate for banks from 1% to 1.12%

o Temporary reduction in capital tax payable by farm equipment dealers applied to the first two taxation years commencing after December 31, 1986 and before January 1, 1989. $200 was payable on the first $3,000,000 of taxable paid-up capital.

3. Premiums Tax

o A tax of 2% or 3% on insurance premiums written for persons residing in Ontario and for property situated in Ontario (rather than a capital tax).

o An additional tax of 0.5% applies to premiums on property insurance.

o Premium tax rate was reduced to 2% from 3% on accident, sickness and all life insurance premiums in the 1978 Budget.

o The Corporations Tax Act was amended by Bill 68 to exempt

insurance premiums on personal use automobiles from the 3% premium tax, effective June 22, 1990.

- The 1991 Budget introduced provisions to withdraw the premium tax exemption on personal use automobile insurance, effective April 30, 1991.

1992 Budget Proposals

The following section summarizes changes proposed to the Corporations Tax Act announced in the April 30, 1992 Budget.

(1) Banking

Temporary Surtax

- A surtax of 10% on income tax payable by banks will apply for taxation years ending after April 30, 1992. The surtax will end on October 31, 1993. Calculation of the surtax will be prorated for taxation years that straddle the introduction and termination dates of April 30, 1992 and October 31, 1993 respectively.

Capital Tax Increase

- The rate of capital tax payable by banks will be increased to 1.12% from 1.0% for taxation years ending after April 30, 1992. The rate increase will be prorated for taxation years straddling this date.

Capital Tax Adjustment - Bank Mortgage Subsidiaries

- For taxation years ending after April 30, 1992, a bank mortgage subsidiary, with a permanent establishment in Ontario, will be allowed to deduct any paid-up capital stock or contributed surplus provided by its parent bank in computing its capital tax base. This deduction will avoid double taxation otherwise arising by taxation of both the bank and the subsidiary.

- The effect of the revised form of calculation will be prorated for taxation years that straddle April 30, 1992.

(2) Manufacturing

- The income tax rate applied to income from manufacturing and processing, mining, logging, farming and fishing will be reduced from 14.5% to 13.5% effective January 1, 1993. The effect of the rate reduction will be prorated for taxation years straddling this date.

- The rate of capital cost allowance allowed on manufacturing and processing assets (Class 39) will be increased from 25% to 30% effective for property acquisitions after February 25, 1992. This rate increase parallels a similar measure announced in the federal Budget of February 25, 1992.

(3) Small Business

- There will be a reduction in the income tax rate from 10% to 9.5% effective April 30, 1992 on the first $200,000 of business income of small corporations.

- The income tax surtax announced in the 1991 Budget will be retained. The surtax gradually reduces the benefit of the small business tax credit for corporations whose taxable income is over $200,000 and eliminates it completely if the taxable income is over $500,000. However, the surtax will be increased to 4.0% of taxable income in excess of $200,000 (formerly 3.7%) as a consequence of the income tax rate reduction.

- Ontario will adopt measures announced in the 1992 federal Budget to facilitate the financing of financially troubled small businesses. Corporate lenders to these small businesses will be allowed to deduct interest on loans in computing taxable income thereby motivating reduced interest rates. This deduction will apply to borrowings after February 25, 1992 and before 1993.

(4) Other Federal Harmonization Measures

- Ontario intends to parallel the federal announcement to relax certain rules permitting expenditures to qualify for research and development incentives. Notably, capital assets partly used for research and development and certain overhead expenses will become eligible for the R&D Super Allowance.

- Ontario will parallel the capital cost allowance rate increases applicable to certain asset acquisitions by the transportation sector announced by the federal Finance Minister in December 1991. Among other increases, the rate will go to 40% from 30% for large trucks and tractors, to 10% from 7% for railway cars and to 10% from 4% for track and other specified rail assets.

1991 Budget Proposals

The following section summarizes proposed changes to the Corporations Tax Act as announced in the Ontario Budget of April 29, 1991. Bill 11, which will implement these changes, received 1st Reading on April 15, 1992.

Surtax on Canadian Controlled Private Corporations

- Effective January 1, 1992, a 3.7% surtax will be levied on taxable income in excess of $200,000 for Canadian-controlled private corporations claiming the Ontario small business tax credit. The maximum surtax imposed on any corporation will be limited to the amount of the small business tax credit claimed in the taxation year.

- The purpose of the surtax is to ensure that only "small" businesses be entitled to the small business tax credit of 5.5% on the first $200,000 of income.

- Where a corporation is a member of an associated group, the surtax will be calculated on the amount of taxable income in excess of $200,000 for the group as a whole. The calculated surtax will then be allocated to group members based on the apportionment used by the group for the purposes of claiming the small

business tax credit in the taxation year.

- For taxation years straddling December 31, 1991, the surtax will be calculated relative to the number of days in the taxation year after December 31, 1991.

Capital Tax Rate: Banks and Loan and Trust Corporations

- Effective for taxation years ending after April 29, 1991 the capital tax rate for banks and loan and trust corporations will be increased from 0.8% to 1.0%.

- For taxation years straddling April 29, 1991, the 1% tax rate will be prorated based on the proportion that the number of days in the taxation year after April 29, 1991 is to the total number of days in the taxation year.

Elimination of Premium Tax Exemption for Insurance Corporations

- The premium tax exemption on gross premiums payable for personal use automobile insurance contracts is eliminated for taxation years ending after April 29, 1991.

- For taxation years straddling April 29, 1991, premium tax will apply pro rata on the annual gross premiums payable for personal use automobile insurance contracts based on the proportion that the number of days in the taxation year after April 29, 1991 is to the total number of days in the taxation year.

History

1899 - First special tax on certain corporations.

1931 - First capital and income tax on ordinary corporations.

1941 - 1947 and 1951 - 1957
- Ontario entered agreements whereby the federal government had sole taxing jurisdiction over corporations. Agreement terminated in 1957.

1972 - Introduction of capital gains tax to coincide with federal introduction.

1977 - Non-share corporations became liable for tax.

- Tax simplification is implemented.

1979 - Statutory lien replaced by registered lien on real property.

1981 - Incorporated non-resident entertainers no longer taxed for performances in Ontario.

1982 - Small business corporations became tax exempt for two taxation years.

1983 - Tax exemption for small business corporations extended for one more year.

1984 - Three year income tax exemption applicable to newly incorporated small businesses.

1985 - Ontario adopted the federal 1/2 year rule with respect to claiming capital cost allowance on newly acquired assets.

1986 - Special small corporations exempted from filing an Ontario tax return.

1988 - Approximately 192,000 small businesses whose total assets and gross revenue are less than $1 million are exempted from capital tax.

- Three year income tax exemption applicable to newly incorporated businesses was terminated.

- Corporations exempt from capital tax, having no liability for income tax and who have filed a federal income tax return, are exempted from filing an Ontario tax return.

- Federal Tax Reform measures substantially lowering capital cost allowance rates in line with actual depreciation were adopted.

- Ontario Current Cost Allowance for new manufacturing and processing equipment introduced for purchases commencing in 1989.

- Research and Development Super Allowance introduced allowing significant deductions on current and capital R & D expenditures incurred in Ontario.

- A general anti-avoidance rule was added to parallel federal tax reform measures. It can be used to deny a tax benefit in certain circumstances where a transaction is undertaken primarily to obtain the tax benefit unless specifically allowed under the Act.

- Automatic depletion allowance for mining profits to be phased out over a five-year period and replaced by extension of resource allowance phased in over the same period.

1989 - Ontario Current Cost Adjustment extended to include deduction for new pollution control equipment.

1990 - Ontario Current Cost Adjustment enriched by doubling the rate for purchases made after 1990.

1991 - Surtax introduced to eliminate small business tax credit for corporations with taxable income exceeding $500,000, effective January 1, 1992.

- Sunset on Ontario Current Cost Adjustment for manufacturing and processing equipment purchased after 1991.

- Insurance premiums tax extended to automobile insurance contracts.

The Employer Health Tax applies to:

- o All Ontario employers, effective January 1, 1990, with the following exceptions: embassies; consulates; status Indians transacting business on a reserve; corporations operating on a reserve with respect to remuneration paid to status Indians; and

- o all self-employed individuals who have Ontario net income exceeding $40,000, effective January 1, 1993, as identified under the Income Tax Act (Canada).

The following tax rules apply to:

Ontario Employers

- o The amount of tax levied is a percentage of the total Ontario remuneration paid to employees in a calendar year.

- o Rates range from .98% to 1.95%. The highest rate applies to employers with Ontario annual payrolls exceeding $400,000; the lowest rate applies to annual payrolls less than or equal to $200,000. Seven graduated rates, ranging from 1.101% to 1.829%, apply to annual remuneration over $200,000, but not exceeding $400,000.

Self-employed

- o The amount of tax levied is a percentage of the Ontario self-employment net income. The first $40,000 is exempt.

- o The rates range from .98% to 1.95%. The highest rate applies to self-employed individuals with net income exceeding $400,000; the lowest rate applies to net income less than, or equal to, $200,000. A formula is used to determine the tax payable for net income over $200,000, but not exceeding $400,000.

History

May 17, 1989

- o The Treasurer announced the proposal to replace OHIP premiums with a tax on employer payrolls in the May 17, 1989 Budget.

June 15, 1989

- o The Treasurer announced quarterly filing, beginning in April 1990, for small employers with annual payrolls up to and including $400,000.

December 19, 1990

- o Bill 47 received third reading and Royal Assent.

April 30, 1992

- The Treasurer announced in the 1992 Budget that, effective January 1, 1993, the EHT would be extended to self-employed individuals with net income over $40,000.

History

1957	-	First special diesel fuel tax legislation enacted at 20 cents per gallon.
1958	-	Rate reduced to 18.5 cents.
1964	-	Increased from 18.5 cents to 20.5 cents.
1966	-	Increased from 20.5 cents to 22 cents.
1968	-	Increased from 22 cents to 24 cents.
1972	-	Increased from 24 cents to 25 cents.
1977	-	Compulsory registration of all vendors of middle distillate fuels and users of taxable fuels.
1979	-	Conversion to metric with rate change from 25 cents per gallon to closest equivalent of 5.5 cents per litre.
	-	Increase from 5.5 cents to 5.9 cents per litre for regular use and rate of 2.2 cents per litre introduced for railway locomotives.
1981	-	Conversion to ad valorem basis. Clear fuel was taxed at 27% of the average retail price per litre and for railway equipment at 8.37% of the average retail price.
1982	-	Introduction of coloured fuel program (September). Exempt fuel is dyed red.
1986	-	Ad valorem was withdrawn and replaced with a fixed unit commodity tax rate of 9.9 cents (general rate) per litre for clear fuel and 3.1 cents per litre for railway equipment.
1989	-	Effective May 18, 1989, the tax rate on clear fuel was increased to 10.9 cents per litre (general rate) and to 3.4 cents per litre for railway equipment.
1991	-	Effective April 30, 1991, the tax rate on clear fuel was increased to 12.6 cents per litre and to 3.95 cents per litre for railway equipment.
1992	-	Effective January 1, 1992, the tax rate on clear fuel was increased to 14.3 cents per litre (general rate) and to 4.5 cents per litre for usage in railway equipment.

GASOLINE TAX ACT

History

1925	-	First Ontario tax on gasoline and other motor fuels of 3 cents per gallon.
	-	Administered by the Department of Highways as a Road Tax (until 1937).
1955	-	Taken over by the Treasury Department.
	-	Rate was 11 cents per gallon at that time.
1966	-	Increased from 15 cents to 16 cents.
1968	-	Increased from 16 cents to 18 cents.
1972	-	Increased from 18 cents to 19 cents.
1979	-	Conversion to metric with rate changed from 19 cents per gallon to closest equivalent of 4.2 cents per litre. Increased from 4.2 cents to 4.6 cents per litre.
1981	-	Conversion to ad valorem basis. Gasoline was taxed at 20% of the average retail price per litre on each grade of gasoline. Aviation fuel was taxed at 5.13% of the average retail price per litre of diesel fuel.
1986	-	Ad valorem was withdrawn and replaced with a fixed unit commodity tax rate of 8.3 cents per litre for gasoline (all grades) and 1.88 cents per litre for aviation fuel.
1988	-	All grades of unleaded gasoline increased from 8.3 cents to 9.3 cents per litre.
	-	All grades of leaded gasoline increased from 8.3 cents to 12.3 cents per litre (includes the special levy of 3 cents per litre).
	-	Aviation fuel: no change at 1.88 cents per litre.
1989	-	All grades of unleaded gasoline: increased from 9.3 cents to 10.3 cents per litre.
	-	All grades of leaded gasoline: increased from 12.3 cents to 13.3 cents per litre.
	-	All grades of aviation fuel: increased from 1.88 cents to 2.1 cents per litre.
	-	A new tax of 2.3 cents per litre on propane used in licensed vehicles.
1990	-	All grades of unleaded gasoline: increased from 10.3 cents to 11.3 cents per litre.
	-	All grades of leaded gasoline: increased from 13.3 cents to 14.3 cents per litre.

- Aviation fuel: no change at 2.1 cents per litre.

- Propane: increased from 2.3 cents to 4.3 cents per litre.

1991

- All grades of unleaded gasoline: increased from 11.3 cents to 13.0 cents per litre.

- All grades of leaded gasoline: increased from 14.3 cents per cents per litre to 16.0 cents per litre.

- Aviation fuel: increased from 2.1 cents per litre to 2.4 cents per litre.

- Propane: no change at 4.3 cents per litre.

1992

- All grades of unleaded gasoline: increased from 13.0 cents to 14.7 cents per litre.

- All grades of leaded gasoline: increased from 16.0 cents to 17.7 cents per litre.

- Aviation fuel: increased from 2.4 cents to 2.7 cents per litre.

- Propane: remain at 4.3 cents per litre.

History

- Ontario tax rates in recent years:

Year(s)	Percent of Basic Federal Tax Rate
1993	55%
1992	54.5%
1991	53%
1990	53%
1989	52%
1988	51%
1986-1987	50%
1982-1985	48%
1981	46%
1977-1980	44%
1972-1976	30.5%

Surtaxes

- The 1985 Ontario Budget imposed a surtax at the rate of 3% on Ontario income tax payable over $5,000. As originally announced, this surtax was to apply for the 1986 taxation year only. However, the 1986 Ontario Budget extended the surtax to the 1987 taxation year.

- The 1988 Ontario Budget:

  a. increased the surtax rate from 3% to 10%, and

  b. raised the threshold to Ontario income tax payable over $10,000.

- The 1991 Ontario Budget increased the surtax rate to 12% of Ontario income tax in excess of $10,000 for the 1991 taxation year and to 14% for 1992 and subsequent taxation years.

- The 1992 Ontario Budget

  a. for 1992, imposed a surtax on Ontario personal income tax between $5,500 and $10,000 at a rate of 7 per cent. (The surtax rate remains at 14 per cent of Ontario income tax in excess of $10,000 for 1992.)

  b. For 1993 and subsequent years, the Ontario surtax will be calculated as 14 per cent of Ontario personal income tax between $5,500 and $8,000 and 20 per cent of Ontario personal income tax in excess of $8,000.

- Recent Surtax Rates

Year	Rate	Threshold
1990	10%	of Ontario income tax in excess of $10,000
1991	12%	of Ontario income tax in excess of $10,000
1992	7%	of Ontario income tax between $5,500 and $10,000; plus
	14%	of Ontario income tax in excess of $10,000
1993	14%	of Ontario income tax between $5,500 and $8,000; plus
	20%	of Ontario income tax in excess of $8,000

History of Ontario Tax Credits

1972	-	Program commenced as a Property Tax Credit for renters and homeowners.
1973	-	Sales Tax Credit and Pensioner Tax Credit added.
1974	-	Amount of Property Tax Credit allowed was increased, but the 1% offset was increased to 2%.
1975	-	Political Contribution Tax Credit added.
1980	-	Pensioner Property and Sales Tax Credits repealed. Replaced by Property and Sales Tax Grants for seniors.
1981	-	Temporary Home Heating Tax Credit added.
1983	-	Temporary Home Heating Tax Credit expired.

History

1974 -	The high rate of tax for non-residents was introduced April 9, 1974 to discourage land-banking of Ontario land by or for non-residents.
1977 -	Major changes limit the high rate of tax to agricultural and recreational land.
1983 -	Amendments made to block non-resident tax avoidance schemes.
1986 -	A tax of 1/2% is imposed on the excess of the taxable value of a single-family residence that is over $250,000.
1989 -	The Budget of May 17, 1989 announced effective May 18, 1989 a refund of land transfer tax paid on the purchase of a qualifying home by first-time homebuyers who are Ontario Home Ownership Savings Plan (OHOSP) planholders.

Summary of Tax Rate Changes

Effective Date	Rate(s)
1921	0.2% on total consideration
April 1, 1966	0.2% on first $25,000 0.4% on balance
April 1, 1972	0.3% on first $35,000 0.6% on balance
April 9, 1974	20% rate on non-resident purchases
April 11, 1979	0.4% on first $45,000 0.8% on balance
January 1, 1986	0.5% on first $55,000 1% on balance 0.5% surcharge on portion of consideration over $250,000, applied to single family residences.
June 1, 1989	0.5% on first $55,000 1% on $55,001 to $250,000 1.5% on amount over $250,000 (2% on amount over $400,000 for single family residences).

History

- Since 1907, Ontario has levied a mining tax on profits earned on ore removed from the ground. The tax is based on profits on mining operations and does not include profits attributable to processing.

- There have been 7 major amendments to Ontario's Mining Tax Act, 6 involving the rate of tax.

- The Budget of October 24, 1985 proposed major reforms to simplify and improve the mining tax system and the administrative provisions of the Act. These reforms have been implemented and include the following changes:

  - Taxation of the operator of the mine instead of tax on a mine-by-mine basis.

  - The multiple rate tax structure was replaced with a single tax rate of 20% applicable to profits in excess of $500,000.

  - More certainty was added to computation of the tax and administration of the Act by removing certain discretionary powers of the mine assessor. The new provisions result in an objective determination of taxable mining profits determined by rules within the Act and regulations instead of "appraisal" by the mine assessor.

- Administrative matters related to the collection of mining tax were modernized by adopting procedures contained within the Corporations Tax Act.

- Responsibility for administration of the Mining Tax Act was transferred from the Ministry of Northern Development and Mines to the Ministry of Revenue in May 1986.

PROVINCIAL LAND TAX ACT

History

- The rate is 1.5% of the total assessment for land and /or buildings. (1940 base year for assessment except in the case of pipelines which are assessed on 1979 values).
- There is a minimum tax of $6.00.
- A tax of 5% is imposed on the gross receipts of telephone and telegraph companies in areas without municipal organization.
- There are a number of exempt classes of properties which closely parallel those under the Assessment Act.
- Also exempted by regulation are bona fide farmers and the geographic townships of Campbell, Dawson, Mills and Robinson in the Territorial District of Manitoulin.
- The tax dates from 1924 and was administered by the Ministry of Natural Resources until 1972.

RACE TRACKS TAX ACT

- The tax is imposed on every person who places a bet in Ontario on a horse race, whether the race is held in Ontario or elsewhere.
- The rate of tax is 9% on triactor wagering and 7% on all other wagering and is imposed on every person placing a bet under the pari-mutuel system in Ontario.
- The tax is collected, by the person holding the race meeting, by deducting 9% or 7% from the total amount bet or wagered on each race.
- This tax dates from 1922.

0 The general tax rate is 8% with the following exceptions:

- 5% for transient accommodation;
- 10% for admissions over $4.00;
- 10% for alcoholic beverages sold, or required to be sold, under the authority of a licence issued by the Liquor Licence Board (LCBO) under the Liquor Licence Act;
- 12% for alcoholic beverages sold, or required to be sold, by or under the authority of the LCBO under the Liquor Control Act.

o In addition, the Retail Sales Tax Act provides for two "flat" taxes, which are also subject to the general tax rate of 8%:

- $5.00 on the purchase of each new pneumatic tire; and
- A tax for fuel conservation which ranges from a $100 tax credit on certain fuel-efficient passenger vehicles to an additional tax of $7,000 on others, and from a tax of $75 to $3,200 on certain sport utility vehicles.

History

1961 - The Ontario retail sales tax became effective on September 1, 1961 at a rate of 3%.

1966 - Rate increased to 5%.

1969 - The 10% tax on admissions under Hospitals Tax Act transferred to Retail Sales Tax Act.

- Differential rate of 10% introduced for alcoholic beverages and prepared meals.

1973 - General rate increased to 7%.

1975 - 7% rate temporarily reduced to 5% for the period April 8, 1975 to December 31, 1975.

1978 - Sales tax on charges for transient accommodation was temporarily removed for the period March 8, 1978 to December 31, 1981.

- For a six-month period, the 7% rate was reduced to 4% and the 10% rate on alcoholic beverages and meals to 7%.

1979 - Temporary exemption granted to the hospitality industry for purchases of kitchen equipment and furnishings for the period April 11, 1979 to December 31, 1981.

1980 - January 31, 1980 to March 8, 1980, tax refunds were paid (to a maximum of $700) to purchasers of certain new 1979 vehicles.

- Temporary exemption extended to some building materials, household appliances, and furniture for the period November 14, 1980 to June 30, 1981.

- November 14, 1980 to June 30, 1981, refunds were paid (to a maximum of $700) to purchasers of eligible light trucks or vans.

1981 - November 5, 1981, a tax refund up to $700 was announced for new 1981 autos, light trucks, or vans purchased before November 28, 1981.

1982 - Revoked exemptions on items ranging from classroom supplies to municipal purchases such as street sweepers.

- Labour charges for the installation, repair and maintenance of tangible personal property became taxable at 7%.

- Prepared foods also became taxable at 7%.

- 7% tax rate on transient accommodation reduced to 5%.

1983 - Production machinery exemption broadened to roughly parallel that provided in the federal Excise Tax Act (Canada).

- Introduction of an exemption for purchases of heavy trucks designed for the carriage of goods.

- Certain household furnishings and appliances exempted for a 90-day period.

- Tobacco products, previously exempted from retail sales tax, became taxable.

- Tax on beverage alcohol sold through liquor control board stores, Brewers' Warehousing outlets, and winery stores increased from 10% to 12%.

- A new program to refund tax on vehicles converted within 30 days of purchase to run on alternative fuel such as propane.

- The exemption threshold on admissions was increased from $3.50 to $4.00.

- Maple leaf gold coins exempted from tax.

1984 - A "temporary" program was introduced on May 16, 1984 to refund Ontario sales tax paid on transient accommodation by out-of-province visitors. This program was scheduled to expire on December 31, 1984 but was extended indefinitely.

1985 - Maple leaf gold coin exemption removed.

- Prepared foods purchased for $1.00 or less became exempt.

1986 - The exemption threshold for prepared foods was raised to $2.00.

- A refund program replaced exemptions for vehicles operating on alternative fuels and kits to convert vehicles to operate on alternative fuels.

- Exemptions replaced refunds for university research equipment and farm grain storage bins.

- Modified exemptions for admission to places of amusement as follows:

- exempted admissions at any price where no performer receives remuneration of any kind;

- exempted theatrical and musical performances if 90% or more of all performers are permanent residents of Canada;

- restricted the sponsors who may benefit from the exemption on prices of admission over $4.00.

- Exemption removed for heavy trucks designed for the carriage of goods, effective December 31, 1986.

1987 - Exemption threshold for prepared foods raised to $4.00, effective June 1, 1987.

1988 - General rate of tax increased from 7% to 8%.

- The federal tax on consumers of the types of telecommunications defined in the Retail Sales Tax Act became part of the fair value of those services for retail sales tax purposes.

- Advertising supplements and inserts exemption withdrawn.

- Ready-mix and asphalt became taxable, and producers of these materials are considered manufacturers.

1989 - Introduction of new "flat" taxes on:

- new pneumatic tires; and

- fuel inefficient cars.

- Exemption for fertilizers and pest control products limited to purchases made by farmers.

- Refund program for vehicles used to transport physically disabled persons modified to limit the refund amount to a maximum of $1,600 for cars and $2,400 for vans.

- Expansion of the time periods allowed under the refund program for conversion of vehicles to an alternative fuel source. To qualify for the refund, contracts to convert a vehicle to an alternative fuel source can be signed up to 90 days from the date of purchase (previously 30 days) and the actual conversion must take place within 180 days (previously 90 days).

1990 - Act amended to ensure that the GST is excluded from the calculation of the fair value on which RST is payable.

- The time period for tax refunds and tax assessment or reassessment was extended from three years to four years.

- Removed the reference to Part XIII of Schedule III of the Excise Tax Act (Canada) that defines tax exempt production machinery.

- Effective April 1, 1991, the maximum limit on compensation amounts provided to vendors increased from $1,000 to $1,500 for each 12-month period commencing April 1st and ending March 31st. The rate paid to vendors increased from 4% to 5% for tax collected from January 1, 1991.

- Calculation of interest on a compound basis rather than a simple basis.

- Director's liability provision added to make directors jointly and severally liable, together with the corporation, for any taxes owing.

- Minister authorized to make regulations providing for a tax rebate on tangible personal property taken out of Ontario. This provision was removed from the Retail Sales Tax Act.

1991 - Bill 130 received First Reading on June 24, 1991 and Second Reading on December 19, 1991. It includes the following amendments:

- Authority for vendors to refund tax on services when a purchase price is refunded in whole or in part.

- A tax for fuel conservation replaced the tax on fuel inefficient cars, effective August 1, 1991. The tax ranges from a tax credit of $100 on certain fuel-efficient passenger vehicles to an additional tax of $7,000 on others, and from a tax of $75 to $3,200 on certain sport utility vehicles. The tax credit does not apply to sport utility vehicles.

- As of January 1, 1991 artwork and similar materials to be used to produce exempt publications are exempt regardless of whether the purchaser is a manufacturer.

- Indian bands and band councils are now entitled to the same exemptions available to status Indians.

- All changes, unless otherwise noted, will become effective upon receipt of Royal Assent, which is expected in the spring session of the Legislature.

1992 - As of October 1, 1992, tax on the transfer of used motor vehicles is to be based on the higher of its purchase price or the average wholesale price as determined by the Minister. The tax is payable to the vehicle licence issuer when the ownership is transferred.

- Clarified that lodging or lodging and prepared meals acquired as a privilege of membership are taxable as transient accommodation.

- Clarified that tax applies to the fair value of liquor, beer and wine even when sold by a vendor operating without a liquor licence or the authority of the Liquor Control Board.

- Provision made for fines to be levied as a result of the filing of false rebate claims.

- Removed the requirement that a purchaser enter into a written contract within 90 days of the purchase date in order to obtain a tax rebate for the

conversion of a vehicle to operate on an alternative fuel .

- Time of payment of tire tax is specified for leases and rentals of tangible personal property leased for periods of 30 days or more. Tire tax is payable on the due date of the first lease or rental payment.

- Time of payment of tax for fuel conservation (TFFC) is specified for leases of new passenger cars and sport utility vehicles for periods of one year or more. TFFC is payable on the due date of the first lease or rental payment.

- For leases of less than a year, if the lessor is paying the TFFC in lieu of collecting the tax from the lessee, the lessor must pay the tax at the time the vehicle is sold to the lessor.

SUCCESSION DUTY ACT SUPPLEMENTARY PROVISIONS ACT

History

1892 - Ontario introduced first Succession Duty in Canada.

1971 - Federal government withdrew from the Estate Tax field.
- Ontario doubled its rates.

1979 - Succession Duty Act repealed.

1980 - Succession Duty Act Supplementary Provisions Act introduced to:

- o Ensure that all duty, properly payable in respect of deaths prior to repeal, is paid. The legislation protected revenue of approximately $100 million.

- o Encourage estates to pay by the end of 1980 duty that had been deferred until the occurrence of some future event. 90 out of 450 estates elected to prepay an estimated $7 million.

TOBACCO TAX ACT

History

1966 - First special Tobacco Tax Act was introduced to improve enforcement.

- Tax on tobacco prior to that date had been part of Retail Sales Tax Act.

1966 - To April 1, 1982 various tax adjustments.

1981 - (May 20th), conversion to ad valorem basis. Cigarettes were taxed at 36% of average retail price, cut tobacco at 30% of the average retail price and cigars at 45% of the retail selling price.

1982 - (May 14th), tax on cigarettes and cut tobacco was increased to 40% of the average retail price.

1983 - (May 11th), tax on cigarettes and cut tobacco was increased to 45% of the average retail price.

1986 - (January 1st), ad valorem was withdrawn and replaced with a fixed unit tax rate of 2.7 cents per cigarette, for cut tobacco 1.5 cents per gram. The tax on cigars remained at 45% of the retail selling price.

1987 - (January 1st), the tax per cigarette was increased to 2.83 cents and cut tobacco to 1.6 cents per gram.

1988 - (April 21st), the tax per cigarette was increased to 3.83 cents and cut tobacco to 2.2 cents per gram.

1990 - (March 1st) all cigarettes manufactured for sale at retail in Ontario must be marked by an Ontario tax mark to be incorporated into the E.O.D. of a cigarette package and the end-flap seals of cartons.

- (April 25th) the tax per cigarette was increased to 4.83 cents and on cut tobacco to 4.83 cents per gram or part gram.

- (November 1) Retailers' cigarette inventory must be marked product. Unmarked cigarettes found in the inventory of a retailer is subject to seizure and heavy penalties.

1991 - (April 30th) the tax per cigarette and on cut tobacco was increased to 6.50 cents per cigarette, gram or part gram.

- Effective June 1, 1991, a new program of reporting and remitting tobacco tax was introduced. New tobacco tax collectors will be collecting and remitting taxes based on sales instead of purchases. Existing collectors may choose the new system or remain on the purchase method of tax accountability provided completion of a remittance agreement indicating their acceptance of the conditions and their willingness to continue on the purchase method.

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